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ELEVENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Parishes of DeSoto and Sabine, Louisiana

GENERAL-PURPOSE FINANCIAL STATEMENTS
June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Deborah D. Dees, MBA, CPA
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Release Date 2-18-04

Eleventh Judicial District Court Expense Fund
DeSoto and Sabine Parishes, Louisiana

General-Purpose Financial Statements
As of and for the Year Ended June 30, 2003

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Deborah D. Dees, MBA, CPA



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CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Honorable Judges of the
Eleventh Judicial District Court
DeSoto and Sabine Parishes, Louisiana

I have audited the accompanying general-purpose financial statements of the Eleventh Judicial District Court Expense Fund as of and for the year ended June 30, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Eleventh Judicial District Court's management. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Eleventh Judicial District Court Expense Fund, as of June 30, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2003, on my consideration of the Eleventh Judicial District Court Expense Fund's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Deborah D. Dees, CPA

Mansfield, Louisiana
December 30, 2003

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

All Fund Types and Account Groups

Balance Sheet

June 30, 2003

	Governmental Fund Type	Account Group	Totals (Memorandum Only)	
	General Fund	General Fixed Assets	June 30, 2003	June 30, 2002
Assets				
Cash	\$ 102,022	\$ -	\$ 102,022	\$ 113,895
LAMP account	209,998	-	209,998	127,749
Receivables	538	-	538	2,463
Restricted assets:				
Cash - Drug Court	22,339	-	22,339	33,841
Cash - FINS	4,938	-	4,938	5,309
Office furnishings and equipment	-	111,086	111,086	95,004
Total Assets	\$ 339,835	\$ 111,086	\$ 450,921	\$ 378,261
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 1,217	\$ -	\$ 1,217	\$ 1,146
Due to DeSoto Parish Sheriff's Office	6,630	-	6,630	5,030
Victim restitution payable	4,669	-	4,669	4,595
Total liabilities	12,516	-	12,516	10,771
Fund Equity:				
Investment in general fixed assets	-	111,086	111,086	95,004
Fund balance:				
Reserved for FINS and Drug Court	27,278	-	27,278	39,150
Unreserved and undesignated	300,041	-	300,041	233,336
Total fund equity	327,319	111,086	438,405	367,490
Total Liabilities and Fund Equity	\$ 339,835	\$ 111,086	\$ 450,921	\$ 378,261

The accompanying notes are an integral part of this financial statement.

Eleventh Judicial District Court Expense Fund
DeSoto and Sabine Parishes, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP) Basis and Actual
Governmental Fund Type - General Fund
For the Year Ended June 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2002 Actual Memorandum Only</u>
Revenues:				
Bond fees, forfeitures, and court costs	\$ 140,000	\$ 143,638	\$ 3,638	\$ 140,685
Probation and related fees	75,000	72,780	(2,220)	83,163
Drug Court fees	5,000	6,674	1,674	5,086
Truancy fees - FINS	5,000	5,425	425	2,836
Intergovernmental:				
Grant - State FINS	38,000	40,140	2,140	37,662
Grant - Federal OJP	112,000	116,001	4,001	90,142
Grant - State Supreme Court	-	-	-	50,625
Investment and interest income	3,000	2,834	(166)	3,732
Miscellaneous	3,300	3,611	311	126
Total revenues	<u>381,300</u>	<u>391,103</u>	<u>9,803</u>	<u>414,057</u>
Expenditures:				
Current:				
Operating and administrative	77,000	80,560	(3,560)	54,315
Personnel and related benefits	25,000	23,109	1,891	63,660
FINS disbursements	38,000	38,381	(381)	35,414
Drug court disbursements	130,000	135,395	(5,395)	85,885
Fees settled to others	50,000	42,743	7,257	47,409
Capital outlay	20,000	16,082	3,918	35,599
Capital outlay - FINS	-	-	-	4,872
Total expenditures	<u>340,000</u>	<u>336,270</u>	<u>3,730</u>	<u>327,154</u>
Excess of revenues over expenditures	<u>41,300</u>	<u>54,833</u>	<u>13,533</u>	<u>86,903</u>
Fund balance at beginning of year	272,487	272,487	-	185,584
Fund balance at end of year	<u>\$ 313,787</u>	<u>\$ 327,320</u>	<u>\$ 13,533</u>	<u>\$ 272,487</u>

The accompanying notes are an integral part of this statement.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

INTRODUCTION

The Eleventh Judicial District Court Expense Fund (the Fund) was created by LSA-RS 13:996.58. The purpose of the fund is to provide sufficient funding to expedite efficient operation of the court. In general, the fund is established and may be used to any purpose or purposes connected with, incidental to or related to the proper administration of the court.

The Eleventh Judicial District Court (the District) was created by LSA-RS 13:477(11). The District is comprised of DeSoto and Sabine parishes with courthouses in Mansfield and Many, respectively. The District's purpose is general jurisdiction judgeship for the approximately 50,500 people in the parishes. The voters of the two parishes elect the three judges of the District to six-year terms. The Fund employs ten full-time employees whose salaries are paid by the police jury or the sheriff of each parish, and for a portion of the fiscal year, two part-time employees hired as a result of a federal grant.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general-purpose financial statements of the Eleventh Judicial District Court Expense Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. GASB has set forth criteria to be considered in determining financial accountability as follows:

- The primary government appoints a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government.
- The primary government may also be financially accountable for a governmental organization that is fiscally dependent on it. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government.
- Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Reporting Entity (continued)

The DeSoto and Sabine Parish Police Juries provide the courtrooms and offices for the Fund and pay the salaries of the employees. Thus, according to the criteria above, the Eleventh Judicial District Court Expense Fund is considered to be a component unit of the police jury of DeSoto and Sabine Parish. For financial reporting purposes, in conformance with GASB Statement No. 14, the *Eleventh Judicial District Court Expense Fund* includes all funds, account groups, et cetera, that are within the oversight responsibility of the Eleventh Judicial District Court Expense Fund.

C. Fund Accounting

The Eleventh Judicial District Court Expense Fund uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable financial resources.

Funds of the Eleventh Judicial District Court Expense Fund are classified as governmental funds. Governmental funds account for the Fund's general activities, including the collection and disbursement of specific or legally restricted monies, and the acquisition of general fixed assets. Governmental funds include:

- General Fund – the general operating fund of the Fund that accounts for all financial resources.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of governmental funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The general fund uses the following practices in recording revenues and expenditures:

- Revenues – Bond fees, bond forfeitures, and court costs are collected by the collecting governmental entity and remitted to the Fund in the following month. Thus, these revenues are treated as susceptible to accrual. Grant revenue and all other

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (continued)

fees are recorded when they are received. Investment and interest income is recorded when the income is earned and credited to the Fund's accounts.

- Expenditures – Expenditures are recognized under the modified accrual basis of accounting when the related liability is incurred.

E. Budgets

The Chief Judge prepares a proposed budget for the fund on a basis consistent with generally accepted accounting principles (GAAP). The judges, in banc, approve the budget. Due to the uncertainties of the budgeting, at least two of the three judges are involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year.

F. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits. The Fund includes amounts in time deposits and investments with original maturities of 90 days or less as cash equivalents. Under state law, the Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

G. Investments

Under state law the fund may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed three months. Under this interpretation, the fund has no investments.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Fixed Assets

Fixed assets are recorded as expenditures (capital outlays) at the time they are purchased and the related assets are capitalized (reported) in the general fixed assets group. No depreciation has been provided on general fixed assets and all fixed assets are valued at historical cost.

Assets purchased under the FINS Grant Program are currently being accounted for in the General Fixed Asset Account Group. However, under the provisions of the Grant contracts the assets are the property of the State of Louisiana. The State of Louisiana has instructed the Eleventh Judicial District Court, Judicial Expense Fund to maintain control and ownership. The State of Louisiana, Office of Social Services retains reversion rights in those assets.

I. Compensated Absences

The Fund has the following policy relating to vacation and sick leave:

Employees of the Fund receive ten days of noncumulative vacation leave each year. Sick leave is granted at the discretion of the judges and is also noncumulative.

At June 30, 2003, the Fund does not have accumulated and vested benefits related to vacation and sick leave. The cost of leave privileges is recognized as current-year expenditure when the leave is actually taken.

J. Fund Equity

- Reserves -- Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

K. Total Columns on General Purpose Financial Statements

Total columns on the financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

2. CASH

At June 30, 2003, the Eleventh Judicial District Court Expense Fund has cash (book balances) totaling \$129,299 which includes restricted FINS and Drug Court monies of \$4,938 and \$22,339 respectively, as follows:

Demand deposits	\$	87,715
Interest-bearing demand deposits		41,584
Total	\$	<u>129,299</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2003, the Eleventh Judicial District Court Expense Fund has \$137,427 in deposits (collected bank balances). These deposits are secured from risk by \$119,266 of federal deposit insurance. The remaining balance of \$18,161 is secured by the pledge of securities.

At June 30, 2003, the balance in the Louisiana Asset Management Pool, Inc. (LAMP) account is \$209,998 (See summary of Significant Accounting Policies Note F.) In accordance with GASB Codification 150.164, the balance in the LAMP account is not categorized in the three risk categories provided by GASB Codification 150.164 because the balance is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Only local governments having contracted to participate in LAMP have an interest in the pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Therefore, under GASB 9, the Judicial Expense Fund classifies this asset as cash.

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

3. FIXED ASSETS

The changes in general fixed assets follow:

	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Equipment	\$ 69,128	\$ 9,883	\$ -	\$ 79,011
Furniture and fixtures	18,263	6,199		24,462
FINS equipment	7,613		-	7,613
Total	\$ 95,004	\$ 16,082	\$ -	\$ 111,086

4. LEASES

The Eleventh Judicial District Court Expense Fund has operating leases as follows:

Division A – An automobile lease for 36 months with monthly payments of \$500.00 dated March, 2002. The purchase option at the end of the lease is \$21,777. There is a possible early termination charge and a possible charge for mileage in excess of 15,000 miles per year at .15 per mile.

Division B – An automobile lease for 36 months with monthly payments of \$479.32 dated March, 2002. The purchase option at the end of the lease is \$19,665. There is a possible early termination charge and a possible charge for mileage in excess of 15,000 miles per year at .15 per mile.

Division C – An automobile lease for 36 months with monthly payments of \$394.59 dated September 7, 1999. This lease expired as of September 7, 2002. The new automobile lease that begin in September of 2002 is for 36 months with monthly payments of \$376.40. This lease expires in September of 2005. There is a possible early termination charge and a possible charge for excessive mileage.

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year	Vehicles
2003	\$ 12,936
2004	11,752
2005	7,835
Total	\$ 32,523

Eleventh Judicial District Court Expense Fund

DeSoto and Sabine Parishes, Louisiana

Notes to Financial Statements

For the Year Ended June 30, 2003

5. RESERVED FUND BALANCE

The reserved fund balance shown on the balance sheet is a result of grant monies received from the Louisiana Judicial Branch for the Families in Need of Services program, a federal grant from the U.S. Department of Justice for drug court implementation and a state grant from the Louisiana Supreme Court for drug court operations.

6. JOINT VENTURES

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officer.

7. EXPENDITURES OF THE JUDICIAL DISTRICT PAID BY THE PARISH POLICY JURY

The Judicial District Court and its offices are located in the parish courthouse. The DeSoto Parish Police Jury, as required by Louisiana Revised Statute 33.4715, pays the salaries of staff members and for the cost of maintaining the building.

8. PENSION PLAN

The employees of the court are compensated by DeSoto Parish and Sabine Parish Policy Juries which are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The LASERS provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. Benefits granted by the LASERS are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information.

9. FEDERAL FINANCIAL ASSISTANCE

During the year ended June 30, 2003, the Eleventh Judicial District Court participated in the following federal financial assistance program:

<u>Program Title</u>	<u>Grant Number</u>	<u>Issues/ Expenditures</u>
United States Department of Justice Direct Program--Drug Court Implementation Initiative	2001-DC-BX-0010	<u>\$ 107,282</u>

Deborah D. Dees, MBA, CPA



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CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with *Governmental Auditing Standards*

To the Honorable Judges of the
Eleventh Judicial District Court
DeSoto and Sabine Parishes, Louisiana

I have audited the general-purpose financial statements of the Eleventh Judicial District Court Expense Fund as of and for the year ended June 30, 2003, and have issued my report thereon dated December 30, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Eleventh Judicial District Court Expense Fund's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Eleventh Judicial District Court Expense Fund's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Eleventh Judicial District Court judges, management of the court's office and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deborah D. Dees, CPA

Mansfield, Louisiana
December 30, 2003

ELEVENTH JUDICIAL DISTRICT COURT EXPENSE FUND
DeSoto and Sabine Parishes, Louisiana

Schedule of Findings and Questioned Costs
For the Year ended June 30, 2003

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

An unqualified opinion was issued on the general purpose financial statements of the Eleventh Judicial District Court Expense Funds as of and for the year ended June 30, 2003.

REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING:

The results of my tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness.

FINANCIAL STATEMENT FINDINGS:

None.

PRIOR YEAR FINDINGS AND QUESTIONED COST:

2002-1 Pledging of securities. Resolved.